

## **Policy on dealing with Related Party Transactions**

### **1. Preface**

<b>Policy Title</b>	Policy on dealing with Related Party Transactions
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<b>Effective Date</b>	30.01.2015
<b>Authorised by</b>	Board of Directors
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This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its related parties. This policy shall apply to all transactions entered into by the Company with its related parties as per applicable laws and regulations including the Companies Act, 2013. The policy sets forth the nature of related party transactions, approvals and disclosure requirements. The Board of Directors of the Company may amend this policy from time to time.

### **2. Definitions**

2.1 "**Audit Committee**" means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.

2.2 "**Board**" means Board of Directors of the Company.

2.3 "**Control**" means control as defined under the Companies Act, 2013 which is as follows:

Section 2(27) of the Companies Act, 2013

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

2.4 **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and Accounting Standards, as the case may be, and includes:

- Managing Director, or Chief Executive Officer or Manager;
- Company Secretary;
- Whole-time Director;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

2.5 **“Policy”** means this Related Party Transaction Policy.

2.6 **“Related Party”** means related party as defined under the Companies Act, 2013 which is as follows:

Section 2(76) of the Companies Act, 2013

“Related party”, with reference to a company, means

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a member or director;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is –
  - a. a holding, subsidiary or an associate company of such company; or
  - b. a subsidiary of a holding company to which it is also a subsidiary;

- (ix) a director, other than an independent director, or key managerial personnel of the holding company or his relative with reference to a company.

2.7 **“Related Party Transactions”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the company.

Note: A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

2.8 **“Relative”** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- they are members of a Hindu undivided family;
- they are husband and wife ; or
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

### **3. Requirements of the respective regulations:**

#### **Companies Act, 2013**

As per Section 188 of the Act read with the rules made thereunder, all related party transactions requires prior approval of the Board or Shareholders approval, if it exceeds the limits prescribed for the specified transaction, except transactions which are in the ordinary course of business and on arms length basis.

Section 177(4)(iv) of the Act, requires Audit Committee to approve transactions or any subsequent modification thereof of the company with the related parties.

#### **AS 18 – Disclosure of the related party transactions**

The accounting standard requires the disclosure of the related party relationship and the transaction with related parties in the annual report

Following are some examples of the related party transactions under As 18:

- Purchase or sale of goods (finished or unfinished)
- Purchase or sale of fixed assets
- Rendering or receiving of services
- Agency arrangements
- Leasing or hire purchase arrangements
- Transfer of research and development
- Licence agreements
- Finance (including loans and equity contributions in cash or in kind)
- Guarantees and collaterals
- Management contracts including deputation of employees

### **4. Transactions with Related Parties**

4.1 All Transactions entered into by the Company with Related parties will be put for approval of Audit Committee on regular basis. (Section 177(4)(iv) of Companies Act, 2013).

4.2 All Transactions entered with Related parties after February 1, 2015 will be done after prior approval of Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to compliance with following conditions:



5.2 Members who are related parties in the context of the related party contract or arrangement for which special resolution is to be passed to abstain from voting on special resolution and only disinterested shareholder and related party shall be eligible to vote.

5.3 Members who are related parties to abstain from voting on special resolution in respect of approval of Related Party Transactions and only disinterested shareholder (not related party) shall be eligible to vote.

## **6. Related Party Transactions should be at Arms Length Price (ALP)**

6.1 All related party transactions should be adequately supported by contracts or purchase orders / work order or sales order and documentations to justify ALP.

6.2 If ALP cannot be justified for any transaction then approval should be taken from Board and shareholders.

## **7. Approval for Transactions entered by Wholly Owned Subsidiaries (WOS) which are not in Ordinary course of Business/ not on Arms Length basis**

For the Transactions which are not in ordinary course of Business or not as per Arms Length pricing or both for any WOS of JSW Infrastructure Limited, the same will be put up for prior approval to the Audit Committee, Board and Shareholders of JSW Infrastructure Limited, [(Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014)].

## **8. Reporting and Disclosure of Related Party Transactions**

8.1 Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.

8.2 The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

8.3 This Policy will be communicated to all operational employees and other concerned personnel of the Company.